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TOP SECRET
SECURITY INFORMATION

18 December 1951

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SECTION 1 (SOVIET)

1. USSR. Divergent tendencies reported in Soviet policy towards Germany: The Czech Government, while fully supporting the East German unity plea, is reportedly not binding itself to any final declaration of policy in view of the "conflicting tendencies prevailing in the USSR in connection with Soviet policy towards Germany."

The reported tendencies are: (a) Molotov's intention to go ahead with the policy of German reunification regardless of the dangers and in spite of Satellite opposition; and (b) Malenkov's reluctance to accept German influences in the evolution of Communist doctrine in Western Europe.

The "intense struggle" in Communist circles allegedly has been delaying the immediate application of Molotov's policy toward Germany.

25X1A

[redacted]

Comment: The recent last-minute East German decision to go to the UN meeting might be indicative of a vacillating Soviet policy, although propaganda considerations were probably responsible for the change of plans. There is no basis for evaluating information concerning the alleged views of Russian Politburo members.

2. Soviet element in Austria shifts personnel: Adding to other recent shifts throughout the top echelon of the Soviet element in Austria, political adviser Koptelov is to be replaced and High Commissioner General Sviridov is expected to depart for a "long" vacation. The appointment of Koptelov's successor will be delayed, with A.M. Timoshenko temporarily taking his place. This development follows upon the departure of Major General Tsinev, former deputy High Commissioner, and Brigadier General Maslov, assistant deputy.

It is the opinion of the US High Commissioner that Soviet prestige has slipped so badly in Austria during the past year that Moscow is making a conscientious effort to provide a fresh team to recoup their position; if so, Soviet and Communist activity in Austria is likely to be increased during the coming months. (S Vienna 18, 12 Dec 51)

3. Improved technology sought by Soviet industry: Pravda recently noted that the work of industrial experts and technicians does not meet growing production needs at many enterprises. Some factories for the construction of the latest type machines "tolerate a poor standard of technology and production in their workshops." At the Kalinin railway

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coach building works, production of new passenger coaches is described as being governed by outdated processes, with the latest technological achievements being only superficially introduced. At the Moscow Ordzhonikidze Works some experts are said to be relegated to paper work, and are sometimes assigned jobs that do not have the remotest connection with the improvement of technology. Pravda calls upon local party organizations to conduct constant political-educational work as an aid in solving the great problems facing the country in fulfilling state plans. (R FBIS, 14 Dec 51)

Comment: Impeded by a lack of technical specialists, Soviet industry must exploit to the utmost the limited number it does employ. Apparently great difficulties are being encountered in overcoming the organizational lethargy that prevails in many of the economic and industrial enterprises of the USSR.

4. CZECHOSLOVAKIA. US Embassy reports extraordinary security measures in Bohemia: The US Military Attache in Prague noted that on 12 December there were eight roadblocks in fifty miles between Pilsen and the German border and unusual activity in the border station at Rozvadov. An Embassy official travelled the same route the following day and reported no roadblocks. The Embassy suggests that Czech authorities may have been expecting an escape attempt. (S Praha 463, 13 Dec 51)

Comment: The measures were very probably connected with the present precarious position of numerous party officials resulting from the disgrace of Slansky. A number of high party officials who were Slansky followers are unaccounted for; they are presumably in the nebulous position between disgrace and arrest.

5. TRIESTE. Pro-Titoist group in Zone A shifts to support Independent cause: The pro-Tito Communist group in Trieste is currently supporting the independence movement in Zone A. Branko Babic, leader of the pro-Titoist group, has publicly affirmed that this organization has always been devoted to liberty, unity and national independence of the Slovene people, and that in present conditions this policy implies fighting for independence for the Trieste territory and collaborating with independentist groups in Zone A. (S Trieste 98, 14 Dec 51)

Comment: This maneuver, which conflicts with Yugoslav pronouncements concerning the desirability of a compromise bilateral solution of the Trieste issue, is probably part of a Yugoslav attempt to discredit Italian claims to Zone A.

Moreover, Yugoslavia, anticipating Italian refusal to meet Yugoslavia's minimum demands, may advance a proposal calling for the creation

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of an independent Free Territory of Trieste or the establishment of a condominium. Such a move would be designed to force the Italians to advance more "reasonable demands."

6. YUGOSLAVIA. Yugoslav press discloses motives for Yugoslav presence at the fifth session of the Danube Commission: According to the Yugoslav press, Yugoslav attendance at the present session of the Danube Commission is designed to expose "internal relations between the USSR and its Satellites," since sessions of the Danube Commission represent the only remaining "formal, international forum where the Soviet Union discusses problems affecting its relations with its Satellites."

The function of the Yugoslav delegation is to make clear to the whole world that the problem of Danube navigation is not so complex that it cannot be worked out on the basis of the equal rights of sovereign nations. In addition, the general tone of the press indicates a Yugoslav intention to offer the Cominform delegations every opportunity to settle differences, thus securing Yugoslavia's propaganda position in preparation for a negative majority response. (C Belgrade 795, 14 Dec 51)

Comment: The above-mentioned motives represent the most plausible explanation for the Yugoslav attendance at the present session. The Soviet-dominated majority will certainly ignore Yugoslav demands for a voice in the formulation and revision of the navigational code.

Yugoslav attendance — after walking out at the last session and drawing up their own rules — represents an additional Yugoslav attempt to embarrass the USSR by publicly exposing its policy of total disregard for the sovereign rights of independent nations.

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SECTION 2 (EASTERN)

1. IRAN. Election date announced: The Deputy Prime Minister has announced that the elections will begin in Tehran and the northern provinces on 18 December. (U Tehran 2189, 14 Dec 51)

Comment: On 15 November the Majlis approved postponement of the elections until 18 December, but Mossadeq, on his return from the US, announced that they would be held immediately. The opposition seized upon this flouting of the Majlis' proposal as an example of Mossadeq's arbitrary and undemocratic methods. This announcement probably represents Mossadeq's wish to placate the Majlis on this point.

2. BURMA. Embassy hears Prime Minister will be replaced: Although most Burmese newspapers are now predicting that Thakin Nu will be retained as Premier, the US Embassy in Rangoon has received information that the Burmese Socialists during a secret meeting on 1 December decided that U Ba Swe should replace him. Other decisions called for Kyaw Nyein to replace Sao Hkun Hkio as Foreign Minister and Sir Ba U to succeed Sao Shwe Thaike as President. The Embassy comments that the Burmese Socialists have become increasingly suspicious of Nu's friendship for the West and may risk alienating his supporters in order to gain complete control of the government. (S Rangoon 575, 14 Dec 51)

Comment: This is the latest in a series of persistent reports that the Socialists are planning to remove pro-Western elements from the Burmese cabinet. Kyaw Nyein, currently Minister of Cooperatives, is one of the intelligent Socialists and, may in the long run restrain any bolt to accept a pro-Communist position. Sir Ba U is the respected Chief Justice of the Union and is probably being utilized to retain some of Thakin Nu's popularity.

3. Premier comments on Colombo Plan: Prime Minister Thakin Nu is reported to have stated that Burma may accept the British invitation to participation in the Colombo Plan if it appears to be beneficial. The matter is being considered by the cabinet. (U AP Ticker New Delhi, 16 Dec 51)

Comment: Burma has previously rebuffed all approaches in favor of its participation in the Colombo Plan despite its obvious need for foreign assistance. Acceptance now would be a tribute to the success of ECA in Burma. Although Thakin Nu would presumably be agreeable to entering the plan, it will be difficult to obtain a formal agreement at this time in view of recent reports of Socialist maneuverings to replace pro-Western elements in the Burmese cabinet.

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4. Chinese cultural mission well received: A Chinese Communist cultural mission was welcomed in Rangoon for a two week visit with a highly organized demonstration by 7,000 local Chinese, according to the US Embassy in Rangoon. The main emphasis has been on contacting Burmese official and cultural groups, and the highlight so far has been a cultural exhibition in the government-owned Jubilee Hall. The Embassy states that the exhibit was well planned and executed; Buddhism was stressed to show close cultural relations between Burma and China, and photos of China and old treasures were designed to appeal to the pride of local Chinese. (S Rangoon 575, 14 Dec 51)

Comment: The names of many prominent Burmese -- including cabinet members, members of Parliament, and Commander in Chief Ne Win -- were mentioned in a recent FBIS account of the Chinese exhibit.

5. THAILAND. King reported prepared to abdicate: The King of Thailand will abdicate, [redacted] unless his demands for modifying the 1932 Constitution are accepted. [redacted] it is unlikely that the military clique which recently reinstituted the 1932 Constitution will accede to the King's request, because to do so would undermine their own position. [redacted]

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Comment: The possibility of the Thai King's abdication was mentioned at the time of the 29 November coup d'etat, but there is no firm indication that such a development is imminent. The chances are that at least a temporary compromise has been or will be reached between the King and the coup regime. As long as the military leaders remain united, the King's abdication would not be critical despite the veneration of the Thai people for the monarchy.

6. Phin-Phao clique reported determined to overthrow Phibun: The Commander in Chief of the Thai Army, General Phin, and his ambitious son-in-law, Police Director General Phao, are determined to overthrow Premier Phibun, [redacted] A Phin-Phao coup attempt is probable within the next sixty days. [redacted]

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Comment: Latent rivalries within the coup group have long been recognized. An effort by the Phin-Phao clique to achieve complete dominance has been a possibility for some time.

7. INDONESIA. Fighting continues between Army and deserters: Fighting has continued for a week in Central Java between the Indonesian Army and 1,000 deserters who defected recently to the Darul Islam. (R FBIS Ticker Semarang, 14 Dec 51)

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Comment: On 7 December two and a half companies deserted near Kudus and one and a half companies deserted near Magelang, both towns in Central Java. Two days later two more companies fled their barracks, taking full equipment with them. Further desertions since then apparently have brought the total to one thousand.

The desertion of so large a number and the diversion of the Army from engaging the Darul Islam will further retard the government's attempt to reduce dissidence in Java.

8. CHINA/INDOCHINA. Chinese Nationalists believe Communist invasion of Indochina imminent: The US Minister in Taipei states that it is impossible to confirm a report that December 28 is the date for a Chinese Communist overt attack on Indochina. This report, however, agrees with information received by the Chinese Nationalists from "reliable" mainland agents. Other reports from similar sources do not expect the attack until next March. The Chinese Communist build-up directed at Indochina is considered so serious that the Nationalist Foreign Minister formally called it to the attention of the French Charge. (TS Taipei 750, 14 Dec 51)

Comment: [redacted] there is no information at present to indicate that a Chinese Communist attack is imminent. 25X1C

9. CHINA. Hong Kong officials concerned over intensified security problem: The Hong Kong police commissioner has recently reiterated official British concern over the swollen Hong Kong population and the deteriorating economic situation, developments which have intensified the Colony's internal security problem. Last year's flow of Chinese back to the mainland has halted, and only unprecedentedly strict immigration controls have kept the Colony's Chinese population from increasing. The attitude of even indigent Chinese toward returning to the mainland was illustrated after a recent fire when the Hong Kong police offered to pay the passage of destitute Chinese to their home villages in Kwangtung and to give them an additional ten dollars; there were no takers. (S Hong Kong 1928, 14 Dec 51)

Comment: Hong Kong's internal security problem is growing, and British control of the colony is of decreasing value to the Peiping regime, developments which bring closer an anticipated Chinese Communist effort to annex Hong Kong. There is still no reliable evidence, however, of a Communist intention to attack the Colony in the near future.

10. KOREA. MIG-15 strength on Korea-Manchuria border reported growing: Far East Air Force estimates that 290 MIG-15's are based on the Manchurian

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airfields at Antung, Tatungkou and Takushan near the Korean border. Although in late November and early December an extremely high level of enemy jet fighter activity was noted--about 200 sorties a day over an eleven-day period --there are sufficient MIG-15's near the Yalu River to expand the daily number of sorties even more.

The estimate forecasts that it would be possible for the Communists to mount 376 sorties daily, assuming a serviceability rate of 65 percent and two sorties a day for each serviceable aircraft. FEAF believes that, following a limited period of preparation, the enemy would possess the capability of concentrating over a specified area a number of MIG's which could attain localized air superiority through sheer weight of numbers alone. (S CINCFE Telecon 5464, 14 Dec 51)

11. Communist MIG-9 engaged over Korea: Very early on the morning of 13 December southeast of Sinuiju a US light bomber engaged and damaged an enemy jet aircraft, which appeared to be a MIG-9. The Communist plane, traveling at 500 miles per hour, was directed to the US aircraft by 12 to 16 searchlights. (S FEAF Tokyo AX 7766, 14 Dec 51)

Comment: The MIG-9 is an obsolescent Soviet jet aircraft. In view of the preponderance of high-performance MIG-15's in the area, the reason for its employment is unknown.

12. Lone enemy aircraft uses Pyongyang south airfield: UN aerial reconnaissance of the Pyongyang area on 11 December revealed an enemy LA-9 conventional aircraft on the south airfield. This is the first sighting of an aircraft on this abandoned and unserviceable airfield. (S FEAF Tokyo AX 7724, 13 Dec 51)

Comment: It is entirely possible that this aircraft was damaged during night interceptor operations against UN aircraft and made a forced landing on this airfield.

13. Anti-cease-fire demonstrations in South Korea intensified: The US Embassy in Pusan reports that public displays denouncing the cease-fire negotiations occur almost daily in Pusan and Seoul. These demonstrations, usually parades or mass meetings, are "obviously aimed" at the US Embassy and UN organizations and are, in the main, composed of university students and youth corps members. Ambassador Muccio comments that observers are left with the feeling that ROK Government has organized the demonstrations to emphasize government opposition to the cease-fire terms. Consequently, the outbreaks seem to have little spontaneity or life.

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At one mass meeting in Pusan, a former cabinet official blamed the US for Korea's unfortunate condition and stated that the Communist domination of China was not Chiang Kai shek's fault but America's. (R Pusan 567, 14 Dec 51)

Comment: The increased tempo of anti-cease-fire demonstrations in South Korea lends further confirmation to a report [redacted] that President Rhee recently ordered great intensification of the cease-fire demonstrations. There are, however, no current indications that the ROK Government will take more serious actions to impede the conferences. 25X1C

The Embassy reports that the blaming of the US directly for Korea's problems is the first such occurrence since 1945.

14. JAPAN. Japanese Government plans large-scale construction of electric power sources. The Japanese Government announced on 11 December the formulation of a "gigantic" four-year plan for construction of new electric power sources. The proposed plan, based on the recognized need of Japan to increase electric power in order to support expanding industrial activity, will cost approximately 321 million dollars. The project, developed by the Public Utilities Commission, will be presented to "a new" Electric Resources Development Council and ultimately will be incorporated into a bill for Diet consideration. (S Tokyo Weeka 50, 14 Dec 51)

Comment: One of the most important economic problems facing Japan is the shortage of electric power. This step, taken by the government after it was discovered that neither foreign nor domestic capital was available, will supply low-cost electricity which will greatly enhance manufacturing and production. It is presumed that the majority of plants will be hydro-electric because of Japan's usual abundance of water power.

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SECTION 3 (WESTERN)

1. GERMANY. West Germans seek to abolish indigenous units supporting the Allied forces: The West German delegation at the Paris European Defense Treaty discussions insists upon the adoption of a proviso which would eliminate the German Labor Service units now serving with the American and British occupying forces. To date only the Netherlands delegation has opposed this proposal, which the Germans declare must be accepted to secure ratification of the treaty by their parliament. The loss of these support units would greatly affect current US defense programs. (S Paris 3559, 14 Dec 51)

Comment: German Labor Service units relieve approximately 85,000 American and British soldiers from troop support duties. Their existence has been repeatedly denounced by the Social Democrats who charge, among other things, that such units are paramilitary in character and represent Allied attempts "to secure remilitarization through the back door" without parliamentary sanction. Chancellor Adenauer fears that these allegations will probably imperil ratification of the treaty because these units are financed by occupation costs and are symbolic of the inequality of an occupied country.

2. Sweden refuses to withdraw its resolution on German elections: A resolution, calling for an investigation of conditions to determine whether free elections could be held in East and West Germany, is currently being considered by an ad hoc political committee of the UN. United States delegates report that a substitute Swedish resolution is still pending and estimate that the Swedes will, in an attempt to maintain their neutrality on the German question, refuse to yield to pressure to withdraw it. The US delegates, however, feel that the Swedish resolution will not attract many votes, thus increasing chances for passage of the tripartite version. (S Paris DELGA 693, 15 Dec 51)

Comment: The Swedish resolution is completely unacceptable to the Allies because it eliminates the whole idea of a preliminary investigation of electoral conditions, and would instead return the whole German unity question to the level of four-power negotiations, which have in the past proved fruitless. US officials believe that such a course, by permitting the veto, would play directly into the Russian hands and might result in further costly delays in West Germany's integration into the European community.

3. FRANCE. French Communists step up attacks on productivity program: The Communist propaganda campaign against the US-sponsored productivity program in France is now considered by US officials in Paris to have reached a "stage of intensity and scope" calling for the full attention of American government officials.

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Admitting that greater productivity is in itself desirable, the Communists charge that it cannot benefit the workers while the program is under American "capitalist" influence. At the same time French Communists are supporting the Soviet policy of inviting "teams" of French doctors and metal workers to the USSR for direct study of Soviet methods. (S Paris To ECA 839, 5 Dec 51)

Comment: These propaganda attacks are calculated both to reduce French military capabilities and to aggravate the widespread irritations arising from American "intervention" in Europe.

ECA officials have estimated that France cannot be expected to carry an ever larger share of its defense burden unless it increases production about five percent each year, a difficult accomplishment under ideal conditions. Labor's general cooperation is unlikely so long as popular resentment against US methods persists and the workers are uncertain of obtaining a larger share in the fruits of increased production.

4. FRANCE. France must decide soon on Saar embassy proposal: The French Foreign Office has not yet decided whether there will be exchange of ambassadors with the Saar when the changes contemplated in that area's political relationship to France go into effect. Although the Foreign Office plans no action before 1 January, a decision is necessary soon to permit allotment of funds to the French representatives there.

Foreign Minister Schuman is "keenly alive" to the importance of the "psychological element" involved, and he will make the decision on timing in the light of reports from Germany. (C Paris 3536, 13 Dec 51)

Comment: The Germans will question French motives for changing its representation in the Saar, particularly when the proposed contractual arrangements between Germany and the Allies will bring into force a new relationship which will be symbolized for them by the appointment of a French Ambassador to Bonn. Replacement of the High Commission by an embassy, however, will have no practical effect on French relations with the Saar.

Any change, real or apparent, in the status of the Saar is certain to have strong repercussions in Germany and may complicate Adenauer's efforts to obtain ratification of the Schuman Plan.

5. AUSTRIA. Austria reported delivering steel-processing equipment to Czechoslovakia: [redacted] Austria is expected to export nearly two million dollars worth of steel-processing equipment to Czechoslovakia in 1952. Czech orders for two 6-ton furnaces have allegedly been approved, and Austrian Government approval of Czech

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orders for several other furnaces, including an electric arc furnace and low-frequency heating units, was expected by 24 November. [redacted] 25X1A

25X1A [redacted]

Comment: The status of the Austro-Czech trade negotiations which began in Prague on 12 November is unknown. Electrical smelting furnaces were among those items which the US Embassy in Vienna requested the Austrian delegation to remove from its negotiating lists prior to its departure for the trade discussions.

6. Election of police chief to post in Austro-Soviet Society leads to partisan exchange: Vienna Police President Josef Holaubek was elected vice-president of the Austro-Soviet Society at the organization's third congress last week. His acceptance of the office precipitated an exchange between the People's Party and Socialist press -- the former denouncing his action as incompatible with a non-political public trust, the latter pointing in defense to the membership in the Society of leading People's Party states-men. (R FBIS, Vienna Neue Wiener Tageszeitung, 14 Dec 51; P Vienna 2021, 12 Dec 51)

Comment: While it is true that many leading Austrian figures accepted membership in the Austro-Soviet Society in the early days of the occupation, the increased use of this organization for the advancement of Soviet propaganda themes has brought into question the propriety of continuing such memberships. It should be noted, however, that efforts of the Vienna police administration to purge its ranks of Communist influence have been criticized primarily because their hasty action aroused the resistance of the Soviet authorities.

7. BELGIUM. Belgian-Polish trade negotiations snagged: The Belgian Foreign Office has stated that negotiations with Poland to renew the long-expired Belgian-Polish trade agreement have not been successful because of Poland's unwillingness to discuss Belgian compensation demands within the framework of the trade agreement.

The Foreign Office also denied that the Poles have recently approached the Belgians in order to obtain strategic materials. (S Brussels 803, 10 Dec 51)

Comment: The last Belgian-Polish trade agreement expired in December 1949. A Belgian trade mission went to Poland in October 1951 to negotiate a new agreement.

8. ITALY. Neo-fascists financed by industrialists and large landowners: Most of the funds for the neo-fascist Italian Social Movement (MSI) come from

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industrialists, who contribute largely at the instigation of former important fascists, such as Giuseppe Bottai and Dino Graudi, and from large landowners in south Italy. Among the latter is De Martino, the Christian Democratic deputy and leader of his party's right wing, who is probably trying to ensure his own position should the MSI come to power.

The various "currents" in the MSI, however, are united in hostility to the Christian Democrats and Liberals, the parties from which this backing is drawn, as well as to the Democratic Socialists. Although they also oppose Marxism, many MSI members would probably join with the Communists in revolutionary measures against the government with the intention of taking control later. [redacted]

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Comment: Although still a relatively minor party, the MSI showed a larger percentage gain than any other party in the local elections of May-June 1951. The bulk of its popular support is in south Italy, where these elections gave the MSI the balance of power between the Christian Democrats and Communists in the Sicilian regional assembly. Some Italians even believe that the MSI might gain enough strength in the forthcoming national elections to weaken the majority Christian Democrats sufficiently to upset the present balance of power in Parliament.

9. SPAIN. Catholic hierarchy demands withdrawal of government's educational reform plan: The Cardinal Primate of Spain and the Archbishop of Valencia, who is also chairman of the Spanish Episcopal Commission for Education, have demanded that the Minister of Education abandon his new educational reform plan, [redacted] If the ultimatum is refused, a condemnatory pastoral letter will be published in the Church's leading press organs.

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The plan is regarded by ecclesiastical authorities as unwarranted interference with the autonomy of Catholic educational institutions. Minister of Education Ruiz Jimenez allegedly expected Vatican support for his plan, but failed to receive it. [redacted] Franco, anxious to avoid a clash with the Church at all costs, will side with it in this dispute. [redacted]

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25X1A

Comment: Franco may hope to use the threat of restricting the Church's educational prerogatives to bolster a new effort to negotiate a Concordat with the Vatican. The government's plan apparently was to establish national standards for high schools which were to be maintained by a system of state inspections and examinations. A report which objected strongly to the plan was endorsed by the Board of Spanish Bishops and forwarded to the Vatican.

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10. DENMARK. Government desires COCOM approval to send tanker to Poland: The Danish Government proposes to request the Coordinating Committee (COCOM) to approve the delivery of a Danish tanker to Poland. The Poles are insisting that they will deliver no coal unless they receive a tanker, in addition to automobile parts and streptomycin. The US Embassy fears the repercussions on the Danish defense effort if the tanker deal is vetoed unless US coal is made available when needed. This would involve extensive additional dollar aid. (S Copenhagen 446, 14 Dec 51)

Comment: The Poles are capitalizing on Denmark's vital need for coal. In the present state of British and West German coal production, Denmark must accept Poland's terms if this additional US aid is not forthcoming.

11. MOROCCO. Officials of French and Spanish Protectorates meet: Highly speculative articles published in the Spanish and French press regarding the 12 December meeting of the French Resident General and the Spanish High Commissioner of Morocco imply an unprecedented cooperation between France and Spain regarding the Moroccan Empire. Although this was the first conference held by the present incumbents, it is merely a continuation of a series of periodic conferences initiated by Generals Juin and Varela several years ago in an effort to expedite the development of a vast hydroelectric project in eastern Morocco.

The press intimates that a joint policy with regard to nationalism was discussed. Although both administrators may have sounded each other out regarding nationalism, agreement would be unlikely because of a wide divergence in policy. The French, in an effort to diminish nationalism, are setting various nationalist factions against each other, while the Spanish have recently reversed their repressive policy and sought an agreement with the nationalists. (U Paris 3548, 13 Dec 51; R Madrid 624, 14 Dec 51)

12. ARGENTINA. Secret trade negotiations with Rumania and the USSR reported: 25X1C [redacted] because of the current poor harvest, Argentina will soon sign a contract with Rumania for the importation of a million tons of Rumanian wheat. [redacted] 25X1C that a trade treaty with the USSR will also be concluded within the near future. Both of these negotiations are shrouded in secrecy. [redacted] 25X1A 25X1A

Comment: One million tons would appear to be an excessive amount for Argentina to import and for Rumania to supply.

Earlier crop forecasts have indicated that the current Argentine harvest may provide only 4 million metric tons, as compared with the 3.5

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million consumed within the country. Argentina may possibly be making tentative arrangements to import some wheat from Rumania, if it feels that the harvest may fall short of previous indications, or if it is seeking additional wheat in order to fulfill some of its normally large export commitments to other countries. The reported secrecy would reflect the Argentine Government's desire to conceal the failure of its agricultural policies, rather than its already significant trade with Eastern Europe.

The nature of the trade negotiations with the USSR was not disclosed. According to Argentine official statistics, there has been no direct trade between the two countries during the past year; although the USSR may have received Argentine goods by transshipment via eastern Europe.

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